

**VALUE ADDED FINANCE AUTHORITY
NOTICE OF PUBLIC MEETING
December 18, 2014 – 8:00 a.m. CST
S.D. DEPARTMENT OF AGRICULTURE
Joe Foss Building, 3rd Floor, SDDA Conference Room
523 East Capitol Avenue, Pierre SD 57501**

*Value Added Finance Authority (VAFA) meets on the last Thursday of each month to approve/disapprove applications for the **Beginning Farmer Bond Program (BFBP)**, **Agribusiness Bonding Program (AgBBP)**, and **Livestock Nutrient Management Bond Program (LNMBP)**, and to issue Bonds for previously approved applicants. These programs enable lenders and individuals to receive federally tax-exempt interest with respect to a loan or contract sale. VAFA also oversees the **Value Added Agribusiness Re-lending Program (VAARP)**. This program assists in community development, establishment of new business, expansion of existing business, and creation of employment opportunities, in adding value to South Dakota agricultural commodities through further processing or marketing. VAFA also administers the **Value Added Sub Fund (VASF)**. This program assists in financing feasibility studies, business plans, and other business development functions for the development and promotion of value added agriculture in South Dakota. **The public may listen to and participate in the meeting at the above location or by teleconference. Dial-in Number: 866.410.8397 Conference Code: 6579820148.***

AGENDA:

- 8:00 a.m.
1. Call to order of public meeting.
 2. Roll call.
 3. Approve the agenda.
 4. Approve minutes for October 30, 2014 meeting.
- VASF Applications and other business.
5. Minkota Fisheries, Inc. VASF #2003-07-AG. Request to extend repayment moratorium.
 6. Tech V, LLC. VASF #2007-04-AG. Request to extend repayment moratorium.
- VAARP Applications and other business.
7. Kevin & Michele Franker, White Headed Robin Winery. VAARP #2011-01, #2013-02.
Loan Review.
 8. VAARP – Drafted rule changes.
- Executive Session.
9. Executive Session to discuss borrower financial information and to consult with legal counsel or discuss confidential communications from legal counsel, as necessary.
 10. Chairman's Report from Executive Session.
 11. Action from Executive Session.
- Other Business and Announcements.
12. VAFA Annual Report.
 13. Public hearing for the VAARP rule changes – January 29, 2015.
 14. Next VAFA meeting and election of officers – January 29, 2015.
 15. Adjourn.

Teleconference Dial-in Number: 866.410.8397 Conference Code: 6579820148

Notice is further given to persons with disabilities that this meeting is being held in a physical accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements. For assistance contact: S.D.Dept. of Agriculture, Agricultural Development, 605.773.5436.

**SOUTH DAKOTA DEPARTMENT OF AGRICULTURE
VALUE ADDED FINANCE AUTHORITY
MINUTES OF THE PUBLIC MEETING
December 18, 2014**

Value Added Finance Authority (VAFA) board held its regular meeting on Thursday, December 18, 2014, 8:00 a.m. CST, in the SDDA Conference Room, Third Floor, Foss Building, 523 East Capitol Avenue, Pierre, South Dakota.

Board Members:

Bob Hull, Chairman
Jim Doolittle
Mark Gross
Bill Hansen
Marcia Hendrickson
Chuck Jepson

Staff:

Terri LaBrie, VAFA Executive Director
Paula Gregg, SDDA Finance Specialist

Others Present: John Archer, Tech V

Call to Order. Chairman Hull opened the regular meeting at 8:00 a.m. CST and asked for roll call. A quorum was present.

Agenda. A motion to approve the agenda was made by Chuck Jepson and seconded by Mark Gross. Motion prevailed by unanimous roll call vote.

Minutes. A motion to approve the minutes dated October 30, 2014 was made by Jim Doolittle and seconded by Bill Hansen. Motion prevailed by unanimous roll call vote.

Ms. LaBrie asked the board to consider Tech V, LLC next in the agenda order. The board agreed.

Tech V, LLC. VASF #2007-04-AG. John Archer, Tech V, LLC, gave the board an update on the past year's business prospects and provided an updated financial statement. Mr. Archer has a liability note that will convert to equity at the end of the year. Tech V requests an extension to the repayment moratorium. Ms. LaBrie recommends the board approve the request to extend the moratorium on loan payments for an additional year. A motion to approve staff recommendation was made by Marcia Hendrickson and seconded by Chuck Jepson. Motion prevailed by unanimous roll call vote.

Minkota Fisheries, Inc. VASF #2003-07-AG. Ms. LaBrie reported to the board that Minkota Fisheries has a VASF loan totaling \$69,095.73. Minkota Fisheries, Inc. provided a letter to the board regarding the current status of the project along with their current financial statement. Minkota requests an extension to the loan repayment moratorium. A motion to approve the moratorium extension conditional upon the Minkota note with Richard Fagen, President, Minkota Fisheries, be subordinated to the VASF loan was made by Chuck Jepson and seconded by Jim Doolittle. Board discussion was held. Chuck Jepson withdrew the motion and Jim Doolittle withdrew the second. A motion to table any board action until the next meeting was made by Bill Hansen and seconded by

Marcia Hendrickson. Motion prevailed by unanimous roll call vote. The board requests that Minkota Fisheries, Inc. attend the next meeting.

Executive session. Terri LaBrie informed the board that executive session is needed to discuss the Franker VAARP loans. Bill Hansen declared a conflict of interest and will abstain from discussion and voting on any action pertaining to the Franker loans. Chairman Hull asked for a motion to enter into executive session to discuss confidential legal and financial information regarding the Franker VAARP loans. Mark Gross made a motion to enter executive session and Chuck Jepson seconded. Motion prevailed by unanimous roll call vote. The board entered executive session.

The board returned to the general meeting and Chairman Hull reported that the board entered executive session to discuss confidential legal and financial information regarding two VAARP loans for Kevin and Michelle Franker, White Headed Robin Winery, and that no board action was taken. A motion to approve the Chairman's Report was made by Mark Gross and seconded by Marcia Hendrickson. Motion prevailed by unanimous roll call vote.

Kevin and Michele Franker, White Headed Robin Winery, VAARP #2011-01 and #2013-02. A motion to proceed with foreclosure, per the recommendation of legal counsel was made by Jim Doolittle and seconded by Mark Gross. Bill Hansen abstained from voting. Motion prevailed by 5 ayes, 1 abstained.

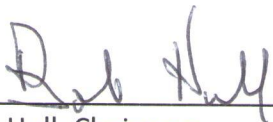
VAFA Annual Report. Ms. LaBrie reported that the Value Added Finance Authority FY 2014 Annual Report was presented to the Legislative Interim Bonding Committee on November 10, 2014.

The Governor has authorized the Beginning Farmer and Agribusiness bond allocations for calendar year 2015.

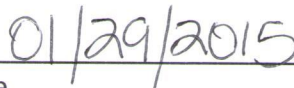
VAARP drafted rule change and Public Hearing. Ms. LaBrie informed the board that draft rules have been filed with the Legislative Research Council. The rule change will allow increases to the population limit for a rural area and increase the loan amount up to 75% of the total project cost. The population limit will increase from 25,000 to 50,000 or less. The public hearing for the VAARP rule change will be January 29, 2015 in the SDDA Conference Room.

The next VAFA meeting and election of officers will be January 29, 2015 via teleconference.

Hearing no further business, the meeting closed at 8:40 a.m. CDT. A motion to adjourn was made by Bill Hansen and seconded by Chuck Jepson. Motion prevailed by unanimous roll call vote.



Bob Hull, Chairman
Value Added Finance Authority



Date